

STATE OF MICHIGAN
DEPARTMENT OF ATTORNEY GENERAL



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JENNIFER MULHERN GRANHOLM
ATTORNEY GENERAL

Dear Consumer:

Re: Summary of: Gift Certificates And Other Consumer Issues In The Quality Stores Bankruptcy – In re: Quality Stores, Inc., et al., Case No. GG-01-10662

As you may already be aware, the Quality Stores (“Debtors”) filed a Chapter 11 bankruptcy in the Bankruptcy Court for the Western District of Michigan on November 1, 2001.

On December 31, 2001 the Bankruptcy Court approved an Order which allowed Debtors to sell the bulk of the stores to a group of corporations called the “Joint Venture.” Additionally, a part of the December 31, 2001 Order allowed the Joint Venture to conduct “going out of business” sales in some of the Quality stores. But this Order also contained a specific restriction that prohibited these stores from honoring gift certificates. Consumers were unable to redeem the certificates in the stores and did not have any avenue to obtain reimbursement.

After negotiations with Debtors and other interested parties, conducted by the staff of Michigan Attorney General, Jennifer M. Granholm and several other states’ attorneys general, the Court approved, signed and entered the *Order Authorizing The Debtors To Pay Administrative Expense Claims Relating To Gift Certificates Purchased After The Commencement Date Or In The Alternative, To Reimburse The Joint Venture For Honoring The Gift Certificates At The Debtors’ Remaining Stores* (“January 17th Order”). A copy of the January 17th Order is posted on the Attorney General’s website at www.ag.state.mi.us.

The January 17th Order provides consumers the following information and options:

- 1. THE ORDER APPLIES ONLY TO CERTIFICATES OBTAINED AFTER NOVEMBER 1, 2001.**
- 2. FOR CONSUMER CERTIFICATE HOLDERS WHO SEEK TO RECEIVE THE CASH VALUE OF THE CERTIFICATE:**

A. Send the original certificate to:

Quality Stores, Inc.
455 East Ellis Road
P.O. Box 3315
Muskegon, MI 49443-3315

Attention: Gift Certificate Redemption Center

B. Consumers should make sure that they first copy and retain the front and back of their certificate.

C. Consumers should make sure that when they send in the original certificate, they include a sheet of paper with their name, address, and telephone number clearly written or typed (so the redemption money can be mailed to the consumer).

D. If the consumer's certificate is deemed valid the Debtors then have 10 business days to pay back the consumer (i.e. to mail out the check).

3. FOR CONSUMER CERTIFICATE HOLDERS SEEKING TO REDEEM CERTIFICATES IN MERCHANDISE AT DEBTORS' REMAINING STORES:

A. The consumer is to present the certificate which has to be verified by the store manager. Consumers should be alert to keeping track of who has their original certificate. It is the store manager who must accept and verify. The manager will do so by signing the back of the certificate with his/her signature certifying the certificate is valid.

B. The certificate will then be accepted.

4. FOR CONSUMERS WHO HAVE ALREADY FILED A PROOF OF CLAIM AND WHO ATTACHED/INCLUDED THE ORIGINAL CERTIFICATE WITH THEIR PROOF OF CLAIM:

A. The Debtors' claims agent, Bankruptcy Management Corporation, is to remove the original certificate from each proof of claim.

B. The Bankruptcy Management Corporation will copy the original certificate and attach the copy of the proof of claim form.

C. The Bankruptcy Management Corporation will then send the original certificate and a copy of the proof of claim form to the Debtors.

D. Debtors will then process the certificate under the refund procedures.

5. FOR CONSUMERS WHO HOLD GIFT CERTIFICATES OBTAINED BEFORE NOVEMBER 1, 2001.

A. Depending on the value represented by the gift certificate, a consumer may wish to consult with his/her attorney. We urge that you do so. But if lawyer consultation is not a realistic option, the consumer should immediately fill out a proof of claim form and attach to it a copy (not the original) of the front and back sides of the certificate and mail the original completed proof of claim form (with the copied certificate attached) to the Clerk of the Court. The address for the Clerk is:

January 22, 2002

Bankruptcy Court Clerk
266 Federal Building
PO Box 3310
Grand Rapids MI 49501

B. You may obtain a proof of claim form (Index form #10) at www.uscourts.gov/bankform. Fill out and complete all of the information requested in the form. Please be sure to read the instructions that accompany the form.

6. FOR CONSUMERS WHO HAVE OTHER ISSUES:

A. Some consumers have complained that they have been unable to obtain exchanges for merchandise whether or not defective, that warranties have not been honored, and that coupons/discounts have not been honored; or consumers have other complaints.

B. Depending on the value of the item purchased or the value of the warranty, consumers may wish to consult with their attorneys (some consumers may be able to consult with attorneys at their pre-paid legal plans such as UAW-GM-Ford-Chrysler Plan). If lawyer consultation is not a realistically available option to a consumer, the consumer should complete and file a proof of claim, making sure to attach copies of the relevant documents pertaining to the purchase and/or warranty transaction. The consumer may attach a sheet to the proof of claim setting forth a clearly written or typed explanation of his/her claim. Consumers who do this should make sure to keep copies of their proof of claim and all attachments. Refer to paragraph 5A, above, for the address at which to send the proof of claim and how to obtain a form.

If you have any questions you may call the Consumer Protection Division at the toll free number: 1-877-765-8388.

We hope this Summary is helpful to you. Thank you for working with me and my staff to bring about positive results for Michigan consumers.

Sincerely,

Jennifer M. Granholm
Attorney General